

A Presentation for

Cuyahoga County Property Consolidation

December 11, 2012

Presented By:

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CBRE URS

In partnership with CHARTWELL GROUP Commercial Real Estate ARIEL Ventures, LLC

How Did We Get Here?

Cuyahoga County Property Consolidation Background

Original History

E. 9th and Euclid Avenue a premier location for 200 years.

A center of civic life.

Recent History

This complex become a symbol of a failed county government

This building closed in 1996.

In 2005, the County purchased the Ameritrust complex.

The process was fundamentally flawed.

And this historic property continued to languish

How Did We Get Here?

Cuyahoga County Property Consolidation Background

- Early 2004 - County solicited proposals for County Administrative Headquarters , then engaged Consultant to evaluate
- September 2005 - County acquired Ameritrust Complex
- Management and Asbestos Abatement Services
- May 2007 - County acquired Oppmann Garage

Ameritrust Complex Acquisition	$21.7M
Oppmann Acquisition	$5.1M
Total Investment to Date	***$26.8M***

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How Did We Get Here?

Cuyahoga County Property Consolidation Background

Our major challenges and objectives:

- First, recoup the money spent on the Ameritrust.
- Second, to examine how we could save money by consolidating
- Third, identify a new home for county government
- Fourth, locate the county headquarters in a part of downtown that would build on the momentum.

Results

Propose that the Ameritrust complex, to be sold for $27 million to the Geis Company.

- The tower will high-end residential, and the rotunda itself will be developed for retail and possible public use.



Results

1. A new, 8-story county administration building will be constructed, at the corner of E. 9th Street and Prospect Avenue,
   - Will house a consolidated group of 750 employees, who are currently located in 6 existing buildings
2. This building will be a minimum of LEED certified Silver, with ample parking



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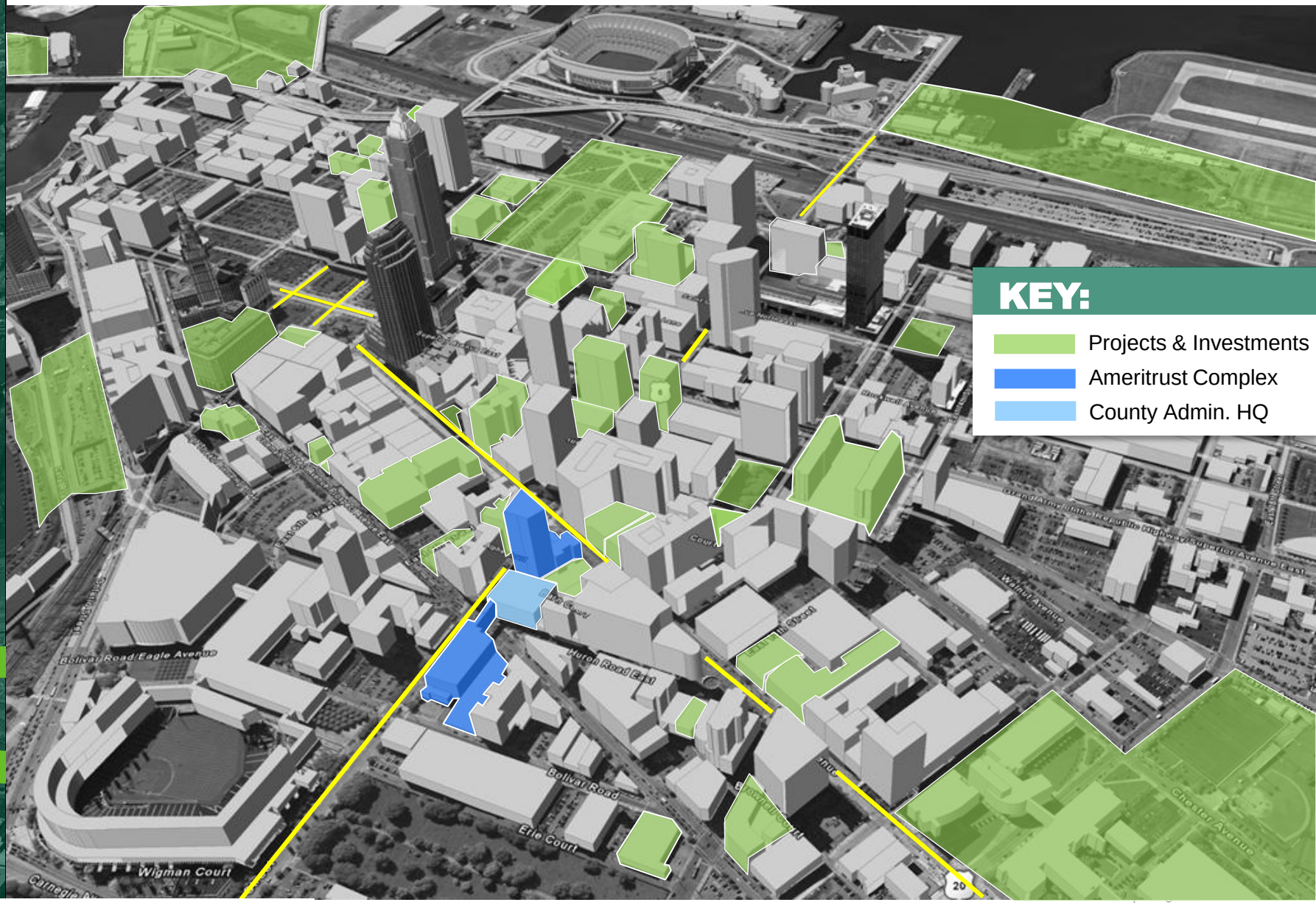
Results

Breathing new life into this portion of Euclid Avenue,

- An investment of over $180 million dollars,
- Residents, employees and customers, will create a vitality
- Help spur re-development, from Playhouse Square to Public Square

How the Pieces Fit Together

Recent and Current Downtown Projects and Investments



Anticipated Savings

- Current average annual cost (20 years) approx $12.5 million
- Under this new plan, Average annual payment will be $6.6 million
- At the end of 20 years, our estimated savings is $126 million

How We Met Our Objectives?

1. We did our own internal review of our properties and needs
2. We sought professional help from the Loaned Executive program.
3. We held a competitive process to choose the best consultants
4. We developed a process to solicit competing proposals from developers, and allowed us to negotiate for the best deal.

Next Steps

- Tonight, at the Cuyahoga County Council meeting,
- Council will have three readings of this legislation
- Proposals for the rest of our property portfolio will be forthcoming in the new year.
- If Council approves this plan, construction will begin as soon as possible and is expected to be complete by July of 2014.

Appendix

Strategic Execution
RFP Overview & Schedule To Date

- RFP # 24534 – Consists of 3 Initiatives
  - Initiative I – Consolidated Headquarters
  - Initiative II – Consolidated Storage
  - Initiative III – Dispositions / Sales
- New Construction and Purchase Options a Consideration for Initiatives I and II

Why Multiple Initiatives?

- *Allows us to address the complex project at hand in its entirety*
- *Proposers may address one or multiple Initiatives. Further, proposers for property dispositions / sales may address one or multiple properties for purchase.*
- *Allows County to evaluate offers that may be related, potentially resulting in a higher number of more creative offers.*

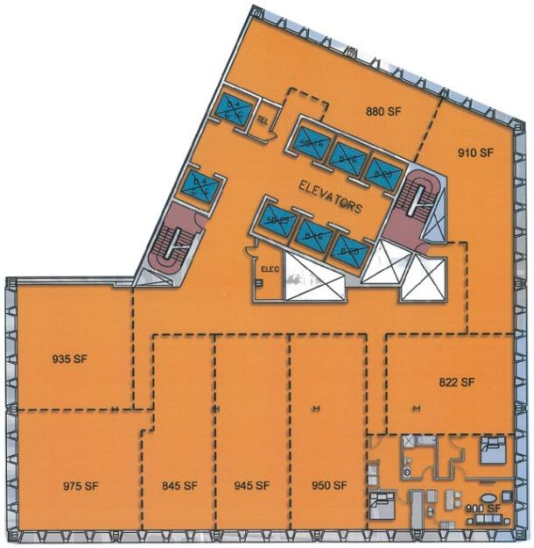
- July – RFP release, Project roll-out
- August – Bidder Conference, Open Houses
- September – Program development, Offers due, Proposal review and analysis
- October – Proposals initially scored, Short list determined
- November – Additional due diligence and investigations of short-listed proposals, Proposals rescored

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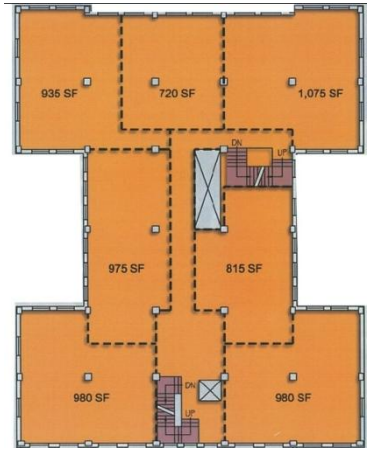
Geis Companies Deal Points

Initiative III – Ameritrust Acquisition Proposal

Ownership/Developer:	Geis Companies
Price:	$27,000,000
Proposed Uses:	Rotunda – Public Use / Retail Tower – High End Residential Swetland/1010 – Office and Residential P&H Site – Anchor Office User
Total Investment:	$104,000,000
Environmental:	LEED Silver certification
Non-Financing Contingencies:	State Tax Credits
Comments:	Anchor Office User in new construction on P&H site and possibly Tower / Rotunda



Tower Apartments



Swetland/1010 Apartments



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Ameritrust Disposition Evaluation

2nd Scoring Committee Results

Scoring Categories	**Maximum Points**	Geis Companies	Optima Ventures	Agnew & Landmark
Proposing Parties	**10**	8	8	8
Economics	**25**	24	18	19
Terms and Conditions	**15**	11	15	10
Financing Plan	**15**	13	15	12
Intended Use / Redevelopment Plan	**20**	19	9	16
Environmental Impact	**15**	15	2	10
Total Points	**100**	90	67	75


Ameritrust Build-to-Suit
CUYAHOGA COUNTY
ADMINISTRATIVE HEADQUARTERS
Prospect
E. 9 St
CUYAHOGA COUNTY

Ameritrust Build-to-Suit

GEIS COMPANIES



Cuyahoga County Property Consolidation
Response to RFP# 24534

GREEN ROOF

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Ameritrust Build-to-Suit Deal Points

Initiative I Proposal

2073 East 9th Street

Ownership/Developer:	Geis Companies
Year Built:	2014
Location:	SE corner of Prospect and East 9th
Proposed Premises:	Floors 1 – 8 203,888 USF Occupied / 222,000 RSF
Average Annual Base Rent:	$30.28 per RSF Modified Gross
Concessions:	12 Months Rent Discount
Tenant Improvements:	$50.00 per RSF + Base Building
Refurbishment Proposed:	None
Average Annual Occupancy Cost:	$30.03 per RSF (Includes R.E. Credit) $6,666,900 (Includes R.E. Credit)
NPV Total Cost:	$70,947,300 (Includes R.E. Credit)
Parking:	1,050-Car Ameritrust and Oppmann garages linked by exclusive bridge
Other:	$8.5M Ameritrust premium; 26-Year Term with title transferring to County after Year 26; 4,800 USF excess space within Premises; No contraction option; Options for 75,000 USF of expansion in Swetland, Rotunda, and Tower







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Consolidated Headquarters Evaluation

2nd Scoring Committee Results

Scoring Categories	Maximum Points	45 Erieview	Warehouse District BTS	925 Building	Ameritrust BTS
Proposing Parties	**15**	11	12	12	10
Premises	**10**	7	8	10	7
Term	**10**	7	6	7	5
Economics	**25**	18	9	15	18
Premises Improvements	**15**	10	8	11	12
Building Considerations / Services	**15**	10	14	12	15
Other Terms / Conditions	**10**	6	8	5	10
Total Points	**100**	69	65	72	77

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Summary Overview

Initiative I – Consolidated Headquarters Proposals

	Current County Facilities	Geis Ameritrust BTS	Inland 45 Erieview	Weston Warehouse District BTS	Optima Ventures 925 Building
Premises:	17 properties 1,474,083 sf	222,000 sf	271,455 sf	244,198 sf	265,212 sf
Estimated Average Annual Cost (20 years):	$12,479,000	$6,666,900	$5,598,200	$11,184,200	$6,775,000
Estimated Total Cost (20 years):	$259,480,100	$133,337,300	$111,964,800	$223,684,000	$135,499,900
Other:		$8.5M Premium on Ameritrust, Additional Cost Years 21-26, Ownership of Building	Ownership of Garage		

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Executive and Consultant Recommendation

Initiative I and Initiative III Ameritrust Complex Proposed Solution

- Geis Companies Proposals
  - Highest purchase price offered for Ameritrust – $8.5M Premium
  - Financing approved – Ability to close quickly
  - Good Partner – Strong team and development background
  - Good mixed use concepts – County tenancy provides development catalyst
  - Strong environmental commitment – LEED Silver
  - Location along East 9th Street in core of CBD
  - Benefits of new development and absorption of vacancy – efficiency of new construction with replacement of 190,000 sf obsolete space
  - Transfer of property to County at conclusion of lease – caps ongoing lease expense, transfer for $1
  - Cost for new construction comparable to existing when factoring entire transaction
  - Proposals contingent on HQ anchor lease and State Tax Credits

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Consolidation Cost Comparison

2012 Estimated Annual Facility Budgets

Occupied Facilities

▪ Administration Building	$3,414,284
▪ Superior Auto Title	$582,069
▪ Courthouse Square*	$1,478,428
▪ Marion Building*	$1,273,663
▪ Stonebridge – Lease	$460,737
▪ Sterling Building – Lease*	$814,150
▪ Reserve Square – Lease*	$50,073
▪ Lakeside Place – Lease	$158,902
Subtotal	**$8,182,233**
Ameritrust Complex	**$936,357**
Other Unoccupied Facilities for Sale *(Not including Archives)*	**$2,105,414**
Estimated Year 2 Cost of Consolidated HQ Lease	**$6,359,000**

(Costs stabilize after Year 1 Abatement and Renovation Investment)

**Part to HQ & Balance to Owned Facilities*

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